Document Management Software

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Summary

The market for document management software in Germany amounted to USD 798 million in 2004 and is anticipated to grow by approximately 20% annually over the next years. Major reasons for this steady growth are the desire of German companies to streamline their business processes by implementing DMS systems and the need to comply with changing laws and regulations.

Even though German suppliers of DMS equipment are very competitive, U.S. companies play an important role in this market segment. U.S. companies, who are looking for German partners, are encouraged to work with local VARs, distributors or joint-venture partners, since product localization is an important market entry criterion and German end-users want local support.

Participation at specialized trade shows, which play a very important role in product marketing, is considered a good first step to enter the German market.

Market Overview

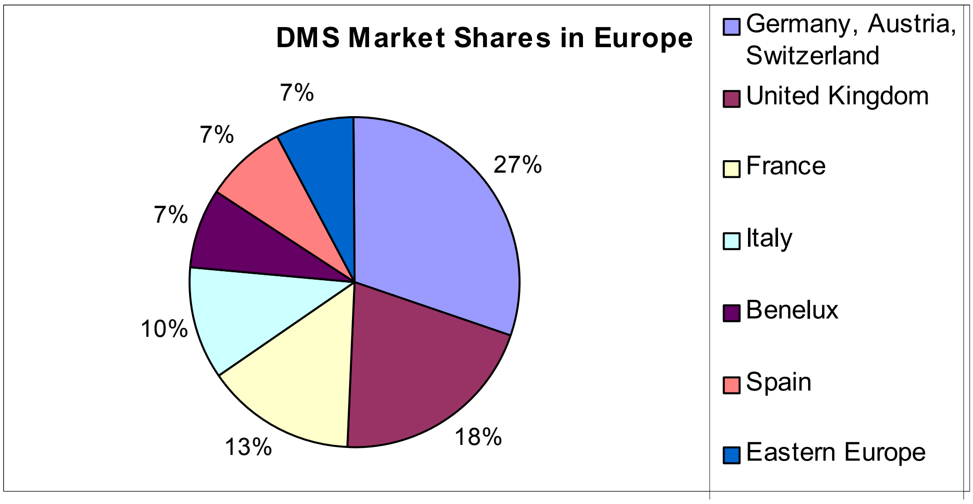
DMS systems as described in this report include the following products:

-Records Management/Archiving/Storage
-Document Control
-Information Capture
-Document Access/Retrieval

A 2003 Gartner study provided the following market figures for DMS systems for the entire European market:

	Europe	Germany
2002	USD 1.35 billion	USD 364 million
2003	USD 2.05 billion	USD 554 million
2004	USD 2.95 billion	USD 798 million

According to this study, Germany and the neighboring German speaking countries of Austria and Switzerland account for 27% of the entire European market. The market shares of other European countries is as follows: UK 18%, France 13%, Italy 10%, Benelux 7%, Spain 7%, Eastern Europe about 7%.



Based on information obtained from industry experts, the trade press, and the main trade association for document management in Germany, VOI, the German market for Document Management Software is estimated at USD 798 million in 2004 and is predicted to grow by approximately 20% annually over the next few years.

This enormous market growth is attributed to the following factors:

With the ever-growing amount of information produced by companies, there is an increasing need to organize such documents and to automatically process information. Email traffic is expected to increase by 38 percent in the near future, office documents and data warehouse applications are expected to experience an increase of approximately 28 percent. These figures indicate the growing need of DMS applications in order to keep up with the increasing amount of company data, both electronic and non-electronic.

Another factor contributing to market growth are the enormous costs companies incur when printing their documents. Research shows that about two-thirds of all companies in Europe do not examine or control their printing costs. In Germany, even three quarters of all companies do not have a grip on their printing expenditures. Analysts came to the conclusion that an average medium-sized company in Germany with 650 employees spends up to EUR 2.37 million per year on extra labor, material, and external archive and service.

Document-expenditures per year	
Do not know	47%
EUR 1.6-8 million	22%
Under EUR 1.6 million	17%
EUR 8-15.7 million	7%
Over EUR 15.7 million	5%

Where are employee documents stored?	
Server	30%
Local hard drive	22%
Paper	16%
Scanned in an archive	14%
External data carrier	13%
Miscellaneous	5%

Traditionally, DMS systems were primarily used for archiving business documents; today there is also a major focus on making existing information more transparent in order to take into account the growing importance of sharing knowledge within different departments and locations of the company. Consequently, DMS and ECM (Enterprise Content Management) systems are increasingly being linked together to perform such functions. About 89% of German companies indicated that the implementation or improvement of knowledge management systems would be a top priority in the near future. Only 11% of companies considered this issue to be of lesser importance. Approximately 71% of the companies have apparently no knowledge management systems in place.

DMS/ECM technologies are progressively becoming part of the core infrastructure of both large and medium-sized companies. Users who first noticed huge costs savings and rapid return on investment are now also examining process improvement benefits.

Other reasons for DMS Acquisitions:

Quick access to documents from various departments
Easier retrieval of electronic documents
Reduction of costs for archiving (microfiches and paper)
Reduction of personnel working hours
Shorter decision processes
Business process optimization
Compliance with laws and regulations (e.g. GDPdU – Since 2002 companies have to allow tax offices to view their tax data digitally.)

In order to stay competitive, companies must consider managing their documents and business processes as one of their top priorities. (IDC forecasts that Fortune 500 companies worldwide may loose USD 31.5 billion because they are not able to quickly and directly find the information they need.) There is also an increasing trend towards outsourcing document management. Analysts predict a growth of approximately 10 percent for this segment. Conditions for outsourcing the document management process have been improving and more providers are specializing in this service. However, in order to perform the appropriate tasks and classify the detailed documents correctly, the service provider must have a clear understanding of the customer company structure and operations.

The following information is derived from a survey conducted by the major DMS trade association in Germany (VOI) among the most prominent DMS suppliers. The results provide a useful overview on the current state and future developments of the DMS/ECM sector in Germany, underlining positive market forecasts:

Has the number of your employees changed in the past year?	
We have increased our number of employees	58.82%
We have decreased our number of employees	14.71%
Our number of employees has stayed the same	26.47%

How will the number of employees change in the next 6 months?	
The number of employees will likely increase	69.70%
The number of employees will likely stay the same	21.21%
The number of employees will likely decrease	9.09%

How have your total revenues developed this year compared to previous years?	
Total revenues of 2004 compared to 2003 has strongly (over 10%) increased	45.16%
Total revenues of 2004 compared to 2003 has slightly (under 10%) increased	22.58%
Total revenues has not changed	19.35%
Total revenues of 2004 compared to 2003 has slightly (under 10%) decreased	6.45%
Total revenue of 2004 compared to 2003 has strongly (over 10%) decreased	6.45%

What kind of revenue development do you expect for your company this year?	
Strongly increasing total revenues (over 10% growth)	64.52%
Slightly increasing total revenues (under 10% growth)	25.81%
Constant total revenues (no growth)	9.68%
Slightly decreasing total revenues (decline under 10%)	0%
Strongly decreasing total revenues (decline over 10%)	0%

Please divide your generated revenues from the past year into the following ranges:	
Service	43.90%
Software (Licensing)	34.76%
Hardware	16.97%
ASP-Fees	4.38%

What were the main arguments for your customers to acquire an Information-Management System?	
Shortening the work process	27.50%
Improving customer services	21%
Reducing search times	19.50%
Paper archives took on unimaginable dimensions	9%
Improving Product-documentation	6.50%
Miscellaneous	4.50%
GDPdU – availability of tax information online	1.50%

Even though the number of DMS customers will increase considerably, there are still some companies who are not yet convinced about the benefits of implementing DMS systems within their firms. Their main arguments against implementing DMS systems were:

General stop of IT-Investments	31.82%
Too expensive	25.76%
"We have control of our Document/Content/Knowledge"	15.15%
No quantitative use for a DMS system has been recognized	13.64%
Miscellaneous	9.09%
Complexities of the market difficult to understand	4.55%

Major Players

The following is a listing of the major players within the document management arena in Germany:

Company	Products	Worldwide Licenses	Headquarters
Documentum	EMC, Documentum, ECM	7000 customers with 7,000,000 licenses	Pleasanton/USA
Docuware	Docuware	approx. 5500 customers	Newburgh/USA
Easy Software	Easy Enterprise	7500 customers	Muelheim/GER
Hans Held	Regisafe IQ	1700 customers with 70,000 licenses	Stuttgart/GER
Hummingbird	Hummingbird Enterprise 2004	over 30,000 customers	Toronto/CAN
IBM Deutschland	DB2, Content Manager	over 13,000 customers	Stuttgart/GER
Saperion AG	Saperion 5.5	over 7000 installed	Berlin/GER
SE Padersoft	Uni-DMS	over 1000 customers with 700,000 licenses	Paderborn/GER
SER Solutions	Doxis I-ECM-, Suite 2005	over 500 customers with 195,000 licenses	Neustadt/GER
Windream	Windream	over 500 customers with 35,000 licenses	Bochum/GER

Other Important DMS Suppliers			
Company	**Product**	**Headquarters**	**Website**
Agfa Deutschland		Cologne/GER	www.agfa.de
amenotec GmbH		Bocholt/GER	www.amenotec.de
ASM GmbH &Co. KG	Jukeboxen	Westerstede/GER	www.asm-jukebox.de
AuthentiDate International	Time Stamp Solutions	Duesseldorf/GER	www.authenidate.de
Bantec GmbH	eFIRST Suite	Neufahrn/GER	www.bantec.de
Captiva Software GmbH	FW Enterprise	Guildford/UK	www.captiva.de
Ceyoniq	CE Archiv, CE Akte, Volltext	Bielefeld/GER	www.ceyoniq.com
Compart Systemhaus	DocBridge Mill	Boeblingen/GER	www.compart.net
CRR Datensysteme GmbH	CRR 4 Banking	Muenster/GER	www.crr.de
d.velop AG	d.velop/d.3	Gescher/GER	www.d-velop.de
daa Systemshaus AG	Scanview	Baden Baden/GER	www.daa.de
Datasec GmbH	DOKU@WEB	Siegen/GER	www.datasec.de
doX Applied Technology	DocMail	Vienna/AUSTRIA	www.dox-at.com
Filenet	Filenet P8	Costa Mesa/USA	www.filenet.com
flying dog software	Enterprise Information Portal	Quassel/GER	www.flyingdog.de
foxray AG	FreeRay	Norderstedt/GER	www.foxray.de
FUJITSU	Enabler	Munich/GER	www.est.fujitsu.com
GDA mbH & Co. KG	m-optical-STORE	Mainhausen/GER	www.gdambh.com
GFT Solutions GmbH	HYPARCHIV	Hamburg/GER	www.hyparchiv.com
GID GmbH		San Jose/USA	www.gid-it.de
H&S Heilig und Schubert	PAM-STORAGE	Vienna/AUSTRIA	www.hs-soft.com
Hyperwave AG	Smart Information Distribution	Munich/GER	www.hyperwave.com
INFOSOFT	eASys	Koblenz/GER	www.eASys.com
IXOS-Software AG	IXOS eCON for Insurance	Grasbrunn/GER	www.ixos.de
Kleindiesnt Solutions	FrontCollect	Augsburg/GER	www.kld.de
Kofax Image Products	Ascent Capture	Irvine/USA	www.kofax.com
MANAGEDATA GmbH		Kamen/GER	www.managedata.de
Pixel Translations	QuickScan Pro	San Jose/USA	www.pixtran.com
RSD	RSD Folders	Geneva/SWITZ	www.rsd.com
SunGuard		Frankfurt/GER	www.sunguard.de
Tectura		Muenster/GER	www.de.tecture.com
TRANSFLOW	COSA	Dornbirn/AUSTRIA	www.transflow.com
T-Systems International	Online Document Solutions	Frankfurt/GER	www.t-systems.com
van den Berg-Woebken	ZV Archiv	Lehrte/GER	www.vdbwoebken.de
Verity Deutschland GmbH	Verity K2, Enterprise K2	Darmstadt/GER	www.verity.de
Vignette		Austin/USA	www.vignette.com
zetVisions AG	zetControl	Heidelberg/GER	www.zetvisions.com

DMS systems have been on the market for about 20 years and were primarily offered by special suppliers. Recently, however, an increasing number of standard business software providers (e.g. IBM, SAP, Microsoft, IBM and Oracle) are also offering DMS systems in order to gain market share within this quickly growing market segment. According to Gartner, they will have 50% of the world wide total revenue of all ECM licenses through the end of 2007.

Even though German DMS companies are very competitive, companies from the United States have a prominent share of the German market (e.g. Documentum, Docuware).

Trade journals report that the German subsidiary of Docuware was able to increase their annual sales by 7% in 2004, amounting to EUR 3.6 million (EUR 3.3 million in 2003). (Import statistics or exact figures on the U.S. company market shares are not available.)

As was true in many segments within the IT industry, the DMS industry also went through a heavy consolidation process during the last few years. Some foreign companies have acquired German DMS suppliers in order to benefit from their existing brand name and customer base (e.g. Opentext's acquisition of Ixos).

The success of the DMS supplier will depend on the expansion of the market segment and of their readiness to adapt the product design, price, marketing strategies and customer service toward the needs of small businesses.

End-Users

The following information provides an overview of the major end-users of DMS equipment in Germany. Even though the large companies still account for the majority of DMS supplier sales (according to the VOI survey, companies with more than 1,000 employees implemented nearly half of the DMS projects), the number of customers among the smaller to medium-sized companies is anticipated to grow considerably within the next years. To date, many of these potential users are still unclear about the possibilities available with ECM solutions and its advantages. An important competitive factor, however, is the price of implementing such systems.

Another important purchasing factor for end-users is the integration and ability of the software product to collaborate with other existing software programs. Customers have been constantly adding software products from a number of various suppliers during the last 20 years. Thus, the IT architecture has become heavily fragmented, requiring a reorganization of such systems.

Size of major customers of DMS systems	
Large Companies (more than 500 employees)	39.58%
Mid-sized Companies (between 100 and 500 employees)	36.84%
Small Companies (up to 100 employees)	23.58%

Industries in which DMS systems were primarily installed	
Industry	18.27%
Financial Services (Banking and Insurance)	16.35%
Civil Service	10.58%
Chemical/Pharmaceutical	8.65%
Commerce	8.65%
Service (general)	8.65%
Health Care	7.69%
Logistics	7.69%
Telecommunication	4.81%
Energy Supply	3.85%
Miscellaneous	2.88%
Handcraft	0.96%
Publishing	0.96%

Market Access

The import climate for computer software and services in all areas is excellent and there are no trade restrictions.

Since there are such a large variety of software products, U.S. suppliers are well advised to contact the foreign trade departments of the German Chamber of Commerce, the regional "Hauptzollaemter" (Customs Offices), or Customs Information for the EU, which is available from the US Mission (address listed above). A general overview of customs issues can also be obtained by visiting the following web page: www.export.gov (TIC Trade Information Center, US Department of Commerce).

Standards

Germany's regulations and bureaucratic procedures can be a difficult hurdle for companies wishing to enter the market. U.S. companies should carefully check with appropriate offices as to which testing procedures are required for their products or services in order to be competitive on the German market. The following is a list of organizations that provide information on EU or German standards. It should be pointed out that not all standards are legally required, but German firms pay close attention to additional performance and quality marks that can greatly enhance a product's marketability.

The German organization that compiles the standards for a "GS" mark is the "Deutscher Industrie Normenausschuss – DIN" (German Standards Institute). One of the organizations responsible for testing is the "Technischer Ueberwachungsverein e.V. – TUV," (Technical Inspection Association).

The Institute for Standards can provide information, for a fee, on German and European standards (http://www.din.de).

European Committee for Standardization (http://cenorm.be)

U.S. Contacts for Foreign Standards Information:

National Center for Standards and Certification Information (http://ts.nist.gov/ts/htdocs/210/ncsci/bro.htm)
National Institute of Standards and Technology (http://www.nist.gov)
German TUV Offices in the United States (http://www.tuvamerica.com/home.cfm)
U.S. Mission to the European Union (http://www.buyusa.gov/europeanunion/)

Detailed information on standards and inspecting agencies, including the TUV, is included in the Country Commercial Guide, available at www.export.gov, or through the various U.S. Department of Commerce Export Assistance Centers in the United States.

The U.S. Department of Commerce Export Assistance Centers also provide information on government services available to export-oriented U.S. companies, which can assist them in their export endeavors (e.g. Gold Key Service, International Partner Search, Customized Market Analysis, Flexible Market Research).

Distribution/Business Practices

In Germany, purchases of DMS software are often made directly from the application vendor. U.S. suppliers of DMS software and services interested in the German market are well advised to make use of a competent local agent, VAR, distributor or systems integrator. They can also consider a joint venture with a local IT service company who would take on their service line as an add-on to their own portfolio. A good agent is typically very well acquainted with local business practices and customs and has excellent contacts with IT decision-makers.

A U.S. firm should take into account that their German clientele prefer local contacts who can guarantee immediate support and training.

In order to be successful on the German market, the software needs to be adjusted according to German customs and practices. To be competitive in the German market, it is important that manuals and instructions for software be in the German language, since in German-speaking countries the typical user has a strong preference for software in German.

Market entry and expansion strategies should also be adapted to the local market. U.S. firms that simply try to replicate successful business models used in the United States often fail because they do not take into account the differences of foreign markets.

Another increasingly important selling factor is branding. As outlined in the market profile, customers are often more aware of a brand names than of the company names.

Large private operations also tender out big projects mainly by contacting a number of reputable computer software and service companies directly or by working through management consultants. Projects are discussed not only with the managers of the IT sections, whose knowledge is primarily based on technical IT developments, but increasingly with CEOs, whose focus is on their companies' future objectives.

Important selection criteria for the German buyer of computer software and services in general are: quality of the service delivered, reliability, flexibility and reputation of the service provider, innovative approach and cost.

Public Procurement

Germany, being a member of the European Union, must follow the EU public procurement legislation that requires the German contracting authority to publish tender notices throughout the European Union (if the amount of the contract is equal to or more than EUR 200,000). The US Mission to the European Union regularly reports procurement opportunities that are open to US companies. Further information regarding these procurement opportunities may be obtained from:

U.S. Commercial Service
U.S. Mission to the European Union
Boulevard du Regent 40 Regentlaan
B-1000 Brussels
Belgium
Tel. [32] [2] 5131228
Fax: [32] [2] 5082675

Public procurement contracts below the EU threshold are published in:

Bundesausschreibungsblatt
Bundesausschreibungsblatt Verlag
Hoeherweg 278
D-40231 Duesseldorf
Germany
Tel: [49] [211] 370848
Fax: [49] [211] 381607
Internet: http://www.bundesauschreibungsblatt.de

Subreport
Verlag Schawe GmbH
Buchforststrasse 1-15
D-51103 Koeln
Germany
Tel: [49] [221] 9857834
Fax: [49] [221] 9857866
Internet: http://www.subreport.com

Both sources offer online information on national and Europe-wide tenders. The information is updated several times a week.

Trade Promotion Opportunities

- *Trade Publications*

Advertising in professional trade magazines is a well-accepted vehicle for market promotion. The following German-language publications are suitable for advertising U.S. DMS/ECM software products:

Chefbuero	www.chefbuero.de
BIT	www.bit-tech.net
Wissensmanagement	www.wissensmanagement.net
DOQ	www.doq.de
Computerwoche	www.computerwoche.de
Information Week	www.informationweek.de
Computerpartner	www.computerpartner.de
Computer Reseller News	www.crn-online.de

- *Trade Associations*

The VOI is the most important trade association for the DMS software industry, with approximately 200 members. While these associations represent the interests of their members, they are also, in most cases, a valid source of information.

Verband Organisations- und Informationssysteme e.V. VOI
(Association of Organization and Informations Systems)
Postfach 180160
D-53031 Bonn
Tel.: [49] [228] 9082090
Fax: [49] [228] 9082091
Email: hvdbanck@voi.de
Contact: Mr. Henner von der Banck, Managing Director
www.voi.de

Their counterpart in the U.S. is AIIM.

The most important association for the general ICT industry in Germany is:

Bundesverband Informationswirtschaft, Telekommunikation und
Neue Medien e.V. (BITKOM)
(Federal Association for Communications and Telecommunications Technologies and New Media)
Nonnenallee 101
D-13629 Berlin
Tel.: [49] [30] 383 08 450
Fax: [49] [30] 38308451

Contact: Dr. Bernhard Rohleder, Managing Director
www.bitkom.org

Information on other industry-specific themes can be obtained by contacting the U.S. Department of Commerce Export Assistance Centers or trade specialists in their respective areas www.export.gov.

Trade Shows

Participation in German trade fairs is one of the most cost-effective ways of testing the market's receptivity to a product, of investigating competitors, and of finding customers or potential agents and distributors. German trade fairs, due to their international significance and large attendance, provide an excellent vehicle for introducing new technologies and products and present a gateway to both the markets of the EU and Eastern Europe.

The German trade fair most appropriate for this industry is the DMS Trade Show in Essen, which is Europe's largest specialized trade event for company-wide electronic information and document processing. About 300 exhibitors are expected to participate in the upcoming event. In its tenth year of existence, the DMS trade fair will take place in Essen for the last time. As of 2006, the show will move to Cologne.

DMS Trade Show (Digital Management Solutions)
Essen, September 27-29, 2005
www.koelnmesse.de

The DMS trade show will feature the following products:

Enterprise Content Management, document management, web content management, business process management, records management, information life cycle management, storage management, output management, and input management/capturing solutions.

Given the significant growth in the document management market, the organizers of Germany's other major IT events are also implementing special forums on this topic within their events:

CeBIT
Hannover, March 9-15, 2006
www.CeBIT.de

CeBIT is held annually. It is the world's largest trade show for computers, software, office automation, and telecommunications. Approximately 480,000 visitors and 6,270 exhibitors from 60 countries attended the show in 2005. As an important platform to U.S. IT exhibitors, CeBIT has also been certified by the U.S. Department of Commerce. The U.S. Commercial Service offers a number of programs and services during this trade event, in order to facilitate market penetration. Further information is provided by visiting: www.export.gov, www.hf-usa.com, www.buyusa.gov/europe/ict

Systems
Munich, October 24-29, 2005
www.systems.de

Systems is the second largest ICT event in Germany. It is held annually in Munich and attracted approximately 1,230 exhibitors and more than 65,800 visitors in 2004.

Systems is a mere B2B event and is also considered a gateway to the emerging markets in Eastern Europe.

For More Information

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The U.S. Commercial Service Germany can be contacted via e-mail at: frankfurt.office.box@mail.doc.gov, website: http://www.buyusa.gov/germany/en/.

You can locate your nearest U.S. Export Assistance Center, as well as Commercial Service offices overseas by visiting www.buyusa.gov.

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